

# **Teachers' Fund for Retirement Board**

## **Program Manual**

### **North Dakota Retirement and Investment Office**

1930 Burnt Boat Drive  
P.O. Box 7100  
Bismarck ND 58507-7100

Telephone: 701-328-9885  
Toll free: 1-800-952-2970  
Fax: 701-328-9897  
[www.discovernd.com/rio](http://www.discovernd.com/rio)  
[rio@state.nd.us](mailto:rio@state.nd.us)

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## **A. Introduction**

The Retirement and Investment Office (RIO) has been established under the laws of the state of North Dakota. The governing body of the office is the State Investment Board (SIB) which has the authority to establish an office and retain appropriate staff to administer the retirement and investment programs.

As the administrative agency, RIO is charged with providing and coordinating the administrative activities of the SIB and Teachers' Fund for Retirement (TFFR) Board. The Executive Director – Chief Investment Officer, employed by the SIB, is responsible for RIO operations and administering the investment program. The Deputy Executive Director – Retirement Officer is responsible for assisting the Executive Director and administering the retirement program of the TFFR Board.

The policy administration of the retirement program is the responsibility of the TFFR Board. Authority for that responsibility is contained in state law. Members of the TFFR Board serve on the SIB on behalf of the TFFR membership.

This manual contains state statutes, administrative code, and other materials that will be a resource to the TFFR Board members in policy administration of the retirement program.

# TFFR Board Calendar and Education Plan 2003-2004

July 24, 2003	September 18, 2003	November 20, 2003
<b>Board Meeting</b> <ul style="list-style-type: none"> <li>• Election of officers</li> <li>• Selection of members to SIB and BSC</li> <li>• Annual TFFR Program Review</li> <li>• Annual Customer Satisfaction Report</li> <li>• 2003-05 Budget Summary</li> <li>• Education Topic: Non-financial issues affecting retirees</li> </ul>	<b>Board Meeting</b> <ul style="list-style-type: none"> <li>• Annual TFFR Investment Review</li> <li>• Annual TFFR Ends Monitoring Report</li> <li>• Annual TFFR Program Audit Report</li> <li>• Annual Retirement Trends Report</li> <li>• Administrative Rule Changes</li> <li>• Actuarial Contract and Future Studies</li> <li>• Education Topic: Financial issues affecting retirees</li> </ul>	<b>Board Meeting</b> <ul style="list-style-type: none"> <li>• 2003 Actuarial Valuation Report (GRS)</li> <li>• Future Legislative Priorities</li> <li>• Fall Conventions Update</li> <li>• Education Topic: Actuarial and funding issues, QDROs</li> </ul>

January 15, 2004	March 18, 2004	April 15, 2004
<b>Board Meeting</b> <ul style="list-style-type: none"> <li>• Public Hearing on Administrative Rules</li> <li>• Annual Agency Technology Review</li> <li>• Pension Software Project Update</li> <li>• 2005 Legislative Plans</li> <li>• Education Topic: ND Demographic update</li> </ul>	<b>Board Meeting</b> <ul style="list-style-type: none"> <li>• Finalize 2005 Legislation</li> <li>• Disaster Recovery Plan</li> <li>• Education Topic: Legal issues affecting pension plans</li> </ul>	<b>Board Meeting</b> <ul style="list-style-type: none"> <li>• Pension Plan Comparisons</li> <li>• Develop 2004-05 Board Calendar</li> <li>• Education Topic: Social Security reform initiatives</li> </ul>

**2003-2004 Board Meetings for the  
Teachers' Fund for Retirement Board  
State Investment Board  
State Investment Board Audit committee**

**JULY - 2003**

- 24<sup>th</sup> Teachers' Fund for Retirement Board, Ft. Union Room, 1:00 p.m.
- 25<sup>th</sup> State Investment Board, Ft. Union Room, 8:30 a.m.

**AUGUST – 2003**

- 14<sup>th</sup> State Investment Board Audit Committee, Roosevelt Park Room, 8:30 a.m.
- 15<sup>th</sup> State Investment Board, Ft. Union Room, 8:30 a.m.

**SEPTEMBER – 2003**

- 18<sup>th</sup> Teachers' Fund for Retirement Board, Ft. Union Room, 1:00 p.m.
- 19<sup>th</sup> State Investment Board, Ft. Union Room, 8:30 a.m.

**OCTOBER – 2003**

- 24<sup>th</sup> State Investment Board, Ft. Union Room, 8:30 a.m.

**NOVEMBER – 2003**

- 5<sup>th</sup> State Investment Board Audit Committee, Ft. Union Room, 8:30 a.m.
- 20<sup>th</sup> Teachers' Fund for Retirement Board, Ft. Union Room, 1:00 p.m.
- 21<sup>st</sup> State Investment Board, Ft. Union Room, 8:30 a.m.

**DECEMBER – 2003**

**JANUARY – 2004**

- 15<sup>th</sup> Teachers' Fund for Retirement Board, Ft. Union Room, 1:00 p.m.
- 16<sup>th</sup> State Investment Board, Ft. Union Room, 8:30 a.m.

**FEBRUARY – 2004**

- 11<sup>th</sup> State Investment Board Audit Committee, Ft. Union Room, 8:30 a.m.
- 20<sup>th</sup> State Investment Board, Ft. Union Room, 8:30 a.m.

**MARCH – 2004**

- 18<sup>th</sup> Teachers' Fund for Retirement Board, Ft. Union Room, 1:00 p.m.
- 19<sup>th</sup> State Investment Board, Ft. Union Room, 8:30 a.m.

**APRIL – 2004**

- 15<sup>th</sup> Teachers' Fund for Retirement Board, Ft. Union Room, 1:00 p.m.
- 16<sup>th</sup> State Investment Board, Ft. Union Room, 8:30 a.m.

**MAY – 2004**

- 12<sup>th</sup> State Investment Board Audit Committee, Ft. Union Room, 8:30 a.m.
- 21<sup>st</sup> State Investment Board, Ft. Union Room, 8:30 a.m.

**JUNE – 2004**

- 18<sup>th</sup> State Investment Board, Ft. Union Room, 8:30 a.m.

# **North Dakota**

## **Teachers' Fund for Retirement Board**

### **2003 - 2004 Assignments**

#### **Officers of the Board**

- ☐ President                      Mark Sanford
- ☐ Vice President                Barb Evanson

#### **Board Members Serving on the State Investment Board (SIB)**

- ☐ Mark Sanford
- ☐ Paul Lofthus
- ☐ Norman Stuhlmiller

#### **SIB Alternate**

- ☐ Barbara Evanson
- ☐ Superintendent Sanstead

#### **Board Members Serving on the TFFR Benefits/Services Committee**

- ☐ Superintendent Sanstead
- ☐ Barbara Evanson
- ☐ Clarence Corneil

# Teachers' Fund for Retirement (TFFR) Board Members

## ACTIVE MEMBERS

Mark Sanford, President  
Superintendent  
Grand Forks Public School  
P.O. Box 6000  
Grand Forks, ND 58206-6000  
(w) 746-2205 - Ext. 111  
(Cindy 746-2205 - Ext. 120 scheduling)  
[mark\\_sanford@fc.grand-forks.k12.nd.us](mailto:mark_sanford@fc.grand-forks.k12.nd.us)  
[cijohnson@fc.grand-forks.k12.nd.us](mailto:cijohnson@fc.grand-forks.k12.nd.us)  
Fax: 772-7739  
(h) 2135 38<sup>th</sup> St. S.  
Grand Forks, ND 58201  
772-4236  
Term expires: 06/30/05

Barbara Evanson, Vice President  
723 North Washington Street  
Bismarck, ND 58501  
(w) 221-3585 (h) 222-1592  
[barb\\_evanson@educ8.org](mailto:barb_evanson@educ8.org)  
Fax: 221-3592  
Term expires: 06/30/04

Paul Lofthus  
208 Circle Hills Drive  
Grand Forks, ND 58201  
Classroom 787-4173 (h) 775-9183  
Schroeder Middle School 746-2330  
Cell 741-6924  
[plofthus@fc.grand-forks.k12.nd.us](mailto:plofthus@fc.grand-forks.k12.nd.us)  
Fax: 746-2332  
Term expires: 06/30/06

## RETIRED MEMBERS

Clarence Corneil  
940 Alder Ave.  
Dickinson, ND 58601 6222  
(h) 225-8518  
(w) 623-4339  
[janiga@pop.ctctel.com](mailto:janiga@pop.ctctel.com)  
Term expires: 06/30/07

Norman E. Stuhlmiller  
2200 East Avenue E  
Bismarck, ND 58501  
(h) 222-1733  
[4ugramps@prodigy.net](mailto:4ugramps@prodigy.net)  
Term expires: 06/30/08

## STATE OFFICIALS

Wayne G. Sanstead  
State Superintendent  
(Lynette 328-4572 scheduling)  
Department of Public Instruction  
600 East Boulevard  
Bismarck, ND 58505-0440  
(w) 328-4570 (h) 255-6509  
[wsanstead@state.nd.us](mailto:wsanstead@state.nd.us)  
Fax: 328-2461  
Term expires: 12/31/04

Kathi Gilmore  
State Treasurer  
(Jan 328-2645 scheduling)  
State of North Dakota  
600 East Boulevard  
Bismarck, ND 58505-0600  
(w) 328-2643  
[kgilmore@state.nd.us](mailto:kgilmore@state.nd.us)  
Fax: 328-3002  
Term expires: 12/31/04



## **Fiduciary Standards**

### **For Pension Plan Trustees**

1. Trustees must perform in the interest of plan participants and beneficiaries.
2. Trustees must provide benefits to plan participants and beneficiaries and maintain reasonable administrative expenses.
3. Trustees must act in a prudent manner.
4. Trustees must diversify investments to minimize risk.

If not met, could result in suit and/or loss of tax privilege.

## Interest Groups

Doug Johnson  
Executive Director  
ND Council of Educational Leaders  
121 E Rosser Ave  
Bismarck ND 58501  
(w) 258-3022 (f) 258-9826  
[doug.johnson@ndcel.org](mailto:doug.johnson@ndcel.org)

Gloria Lokken  
President  
NDEA  
PO Box 5005  
Bismarck ND 58502-5005  
(w) 223-0450 (f) 224-8535  
[gloria.lokken@ndea.org](mailto:gloria.lokken@ndea.org)

Jon Martinson  
Executive Director  
ND School Boards Association  
PO Box 2276  
Bismarck ND 58502-2276  
(w) 255-4127 (f) 258-7992  
[jon.martinson.1@sendit.nodak.edu](mailto:jon.martinson.1@sendit.nodak.edu)

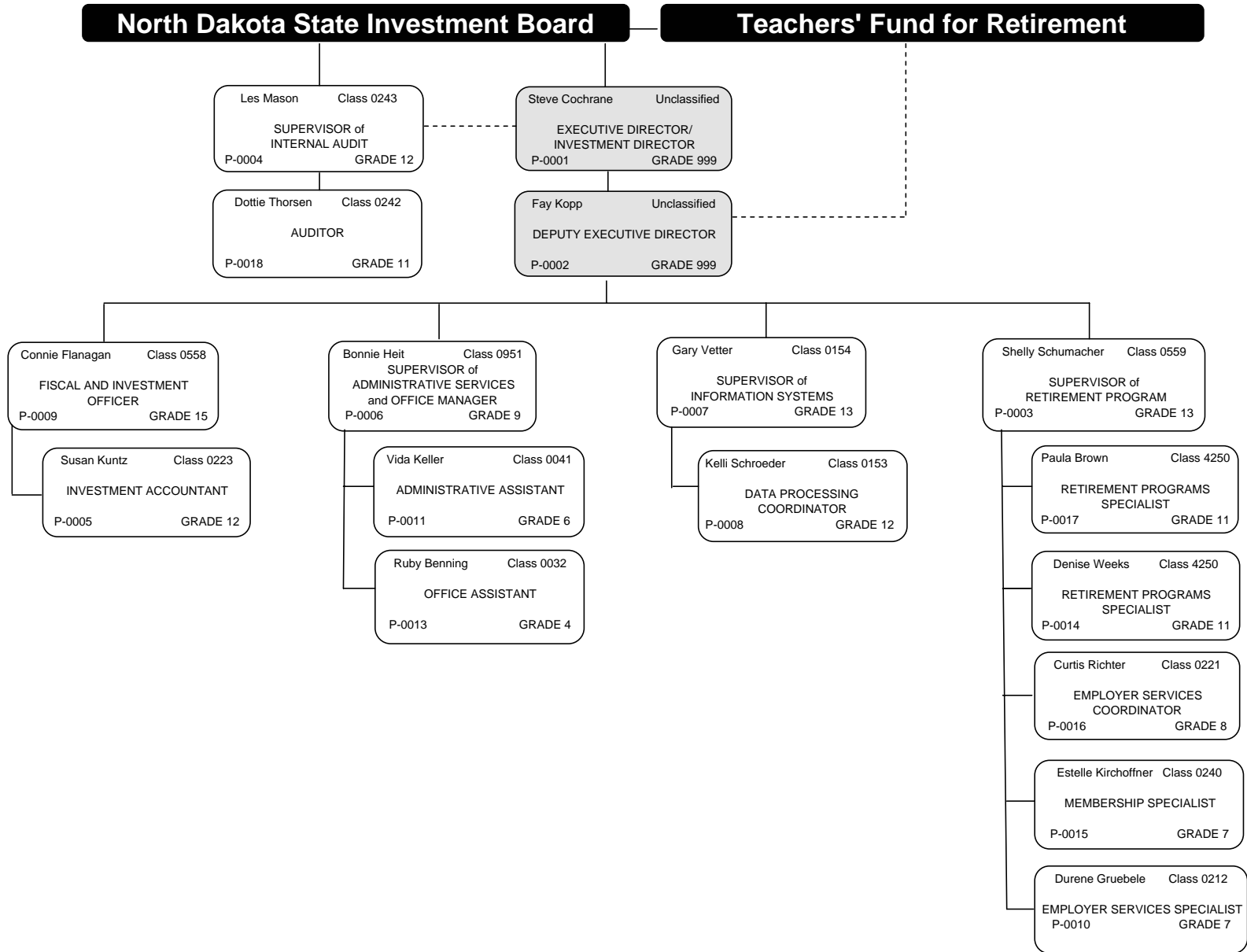
Tom Tupa  
Executive Director  
ND Retired Teachers Association  
PO Box 447  
Bismarck ND 58502-0447  
(w) 221-7766 (f) 224-9824  
[ttupa@aptnd.com](mailto:ttupa@aptnd.com)

Janet Welk  
Executive Director  
ESPB  
600 E Boulevard 9<sup>th</sup> Fl  
Bismarck ND 58505-0540  
(w) 328-2264 (f) 328-2815  
[jwelk@state.nd.us](mailto:jwelk@state.nd.us)

Joe Westby  
Executive Director  
NDEA  
PO Box 5005  
Bismarck ND 58502-5005  
(w) 223-0450 (f) 224-8535  
[joe.westby@ndea.org](mailto:joe.westby@ndea.org)

Scott Miller  
Legal Counsel  
Attorney General's Office  
600 E Boulevard Ave Dept 125  
Bismarck ND 58505  
(w) 328-3148 (f) 328-2226  
[scmiller@state.nd.us](mailto:scmiller@state.nd.us)

# North Dakota Retirement and Investment Office



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**POLICY TYPE:** TFFR Ends

**POLICY TITLE:** Mission

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The mission of TFFR, a trust fund, is to advocate for, develop, and administer a comprehensive retirement program for all trust fund members within the resources available.

**TFFR Board Adopted:** May 25, 1995.

1. To provide a replacement income equal to 60 percent of the final average salary of a career employee who has 30 or more years of credited service.
2. To provide ad hoc biennial benefit increases and 2% annual benefit increases to retired members and beneficiaries to provide income protection and assist retirees in accessing affordable health insurance.
3. To continue providing statewide preretirement planning services and benefits counseling to members.

**TFFR Board Adopted:** May 25, 1995.

**Amended:** August 29, 1996; March 6, 1998; September 23, 1999; January 25, 2001.

TFFR beneficiaries are:

**1. Plan Members:**

- a. Active - All persons who are licensed to teach in North Dakota and who are contractually employed in teaching, supervisory, administrative, or extracurricular services:
  - Classroom Teachers
  - Superintendents, Assistant Superintendents, County Superintendents
  - Business Managers
  - Principals and Assistant Principals
  - Special Teachers
  - Superintendent of Public Instruction, Assistant Superintendents, and Supervisors of Instruction, unless transferred to NDPERS
  - Professional staff of State Board for Vocational Education and Division of Independent Study
  - Other persons or positions authorized in state statutes
- b. Annuitants - All persons who are collecting a monthly benefit:
  - Retirees
  - Disabilitants
  - Survivors/Beneficiaries
- c. Inactive members:
  - Vested
  - Nonvested

**2. Employers:**

- a. School Districts
- b. State Institutions and agencies defined in state statutes
- 3. Other TFFR participating employers

**TFFR Board Adopted:** May 25, 1995.

**Amended:** July 27, 2000; July 24, 2003.

Ensure the security and accuracy of the members' permanent records and the collection of assessments/contributions from every governmental body employing a teacher.

Accordingly, the administrative means will be to:

1. Retain member documents applicable to the retirement program.
2. Safeguard TFFR database files maintained on the state's mainframe computer system.
3. Protect the confidential information contained in member files.
4. Continue the development of the image processing system as a means for storing and working with member documents.
5. Collect the assessments and contributions from the employers after the salary is earned by the member.
6. Monitor the employer reporting process including the timely filing of information, consistency of month-to-month data, and changes in the employer payment of member assessments.
7. Review the individual member data and service credit (transmitted with the payment) for accuracy.
8. Post and validate the data received from the employer to the individual accounts.
9. Mail annual statements to every member.
10. Summarize the teacher data reported and notify the employers of the year-to-date information.
11. Ensure that individuals employed as "teachers" in North Dakota school districts, political subdivisions, and state institutions are reported to TFFR in compliance with the NDCC.
12. Provide publications and reporting instructions to employers on TFFR.
13. Transfer the assessments and contributions to the investment program in a timely manner.



**POLICY TYPE:** TFFR Ends

**POLICY TITLE:** Membership Data and Contributions

---

**Monitoring** (Method, Responsibility, Frequency)

- Internal Report
  - Disclosure of compliance to the Board from RIO's internal auditors. The Internal Audit (IA) program is designed to review the districts on a five-year cycle.
  - Compliance for individual accounts is monitored through internal audits of staff compliance with state laws, rules, Board policy, and procedures.
- External Report
  - Disclosure of compliance to the Board by RIO's external auditors as a part of the annual audit.
  - Disclosure of compliance to members through annual statements.

**TFFR Board Adopted:** May 25, 1995.

**Amended:** July 18, 2002

**POLICY TYPE:** TFFR Ends

**POLICY TITLE:** Investments

---

The Ends to be achieved regarding the investment of TFFR funds are outlined in the **Investment Policy Statement**.

**TFFR Board Adopted:** May 25, 1995.

**Amended:** August 29, 1996; November 18, 1999; July 27, 2000.

**POLICY TYPE: TFFR Ends**

**POLICY TITLE: Member Services**

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Provide direct services and public information to members of TFFR.

Accordingly, the administrative means will be to:

1. Enroll, update, maintain, and certify all member accounts.
2. Respond to member inquiries on the retirement program.
3. Provide statewide benefits counseling services to members through one-on-one sessions.
4. Make group presentations and distribute information at conferences and conventions throughout the state.
5. Coordinate and conduct preretirement and financial planning programs for members on a statewide basis.
6. Certify eligibility for TFFR benefits and purchase of service credit.
7. Calculate and process claims for refund, retirement, disability, survivor, and QDRO benefits, as well as claims for purchasing credit.
8. Allow members to use all optional forms of payment under the Level Income Plan (except Partial Lump Sum Option.)
9. Permit members to change designated beneficiaries in the event of life occurrences identified in the administrative rules.
10. Close retirement accounts of deceased teachers.
11. Develop and distribute information to the members on the retirement program and related topics through newsletters, annual reports, member handbooks, brochures, and retirement planning guides/workbooks.
12. Support a nation-wide, toll-free telephone number for members contacting the Fund.
13. Maintain a website for TFFR information to provide members with a greater variety of access methods.

**POLICY TYPE:** TFFR Ends

**POLICY TITLE:** Member Services

---

**Monitoring** (Method, Responsibility, Frequency)

- Internal Report
  - Disclosure of compliance to the Board through internal audits on compliance with laws, rules, and policies.
  - Periodic presentations by staff at Board meetings.
- External Report
  - Receive annual reports from leadership of groups representing the plan's beneficiaries.
  - RIO's annual audit by independent auditor.
  - Written and oral communication with Board members from teachers regarding payment and processing of benefit claims.

**TFFR Board Adopted:** May 25, 1995.

**Amended:** July 27, 2000; July 24, 2003.

**POLICY TYPE:** TFFR Ends

**POLICY TITLE:** Account Claims

---

Ensure the payment of claims to members of TFFR.

Accordingly, the administrative means will be to:

1. Pay retirement benefits based on a presumed final salary for members retiring upon completion of their teaching contract and whose final salary has not been reported to TFFR.
2. Allow teachers receiving an annuity from TFFR to have payroll deductions subtracted from their monthly benefit, including, but not limited to: health, life, and other insurance premiums payable to PERS, NDRTA dues, NDEA-Retired dues, and federal and North Dakota income tax withholdings.
3. Distribute payments for benefit claims (annuities, PLSOs, refunds, and rollovers) once per month. Distributions including payments made by Electronic Funds Transfers (EFT) will be mailed on the last working day of the previous month payable on the first working day of each month.
4. Distribute special payments for benefit claims in the event of unforeseen circumstances (i.e. death, QDRO, Court Order).
5. Send new account notices and account change notices to retired members.

**Monitoring** (Method, Responsibility, Frequency)

- Internal Report

- Disclosure of compliance to the Board through internal audits on compliance with laws, rules, and policies.
- Periodic presentations by staff at Board meetings.

- External Report

- Disclosure of compliance to the Board through annual audit by RIO auditors.

**TFFR Board Adopted:** May 25, 1995.

**Amended:** July 27, 2000; July 24, 2003.

**POLICY TYPE:** TFFR Ends

**POLICY TITLE:** Trust Fund Evaluation/Monitoring

---

Ensure actuarial consulting and accounting services are provided to the retirement program. The TFFR Board of Trustees will select the independent actuary for consulting and actuarial purposes and direct a contract be executed by the Deputy Executive Director.

Accordingly, the administrative means will be to:

1. Have an annual actuarial valuation (July 1 to June 30) reviewed or performed on the retirement program.
2. Have an actuarial review of TFFR's actuarial valuation performed at least every ten years by an independent actuary.
3. Have an actuarial experience study performed on TFFR every five years.
4. Have an asset liability modeling study performed on TFFR every five years.
5. Prepare financial statements in accordance with generally accepted accounting principles for defined benefit public pension plans.
6. Have an audit conducted annually in accordance with generally accepted auditing standards (as established by the AICPA) by an independent auditor.
7. Receive an unqualified opinion by the independent auditor regarding the audited financial statements.
8. Perform internal audits on the retirement program which provide the Board with reasonable assurance that TFFR is being administered in compliance with federal and state laws, administrative rules, Board policy, and established procedures.

**Monitoring** (Method, Responsibility, Frequency)

- Internal Report

- Disclosure of compliance to the Board through periodic presentations by staff at Board meetings.

- External Report

- Disclosure of compliance to the Board through annual audit and actuarial reports.

**TFFR Board Adopted:** May 25, 1995.

**Amended:** July 27, 2000.

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### Plan Characteristics

The Teachers' Fund for Retirement (TFFR) was established in 1913 to provide retirement income to public educators. TFFR is a qualified defined benefit public pension plan covered under Section 401(a) of the Internal Revenue Code. The North Dakota Century Code (NDCC) Chapter 15-39.1 contains the actual language governing the Fund and is supplemented by Title 82 of the North Dakota Administrative Code.

The responsibility for administration of the TFFR benefits program is assigned to a seven-member Board of Trustees (Board). The Board consists of the State Treasurer, the Superintendent of Public Instruction, and five members appointed by the Governor. The appointed members serve five-year terms which end on June 30 of alternate years. The appointed Board members must include two classroom teachers or guidance counselors, a school administrator, and two retired members.

The TFFR benefits program is administered through the Retirement and Investment Office (RIO) according to this Statement of Retirement Policy.

TFFR's funds are invested under the direction of the State Investment Board (SIB) following the "Prudent Investor Rule." The investments must be invested exclusively for the benefit of the TFFR members. Four of the TFFR Board members serve as voting members on the 11-member SIB.

**TFFR Board Adopted:** May 25, 1995.

**Amended:** July 1, 1997.

### **Teachers' Fund for Retirement Responsibilities**

1. Establish policies for the administration of the TFFR programs.
2. Submit legislation, monitor the statutory responsibilities of the TFFR programs as outlined in the NDCC, and promulgate Administrative Rules.
3. Establish and monitor actuarial assumptions used to value the retirement plan and to conduct periodic valuations.
4. Establish and monitor retirement benefit and service program goals.
5. Establish and monitor policy for investment goals, objectives, and asset allocation for the Fund.
6. Communicate and monitor program expectations with the SIB.

**TFFR Board Adopted:** May 25, 1995.



**State Investment Board Responsibilities**

To provide the staff and resources to carry out the *Ends* of the retirement program through RIO.

**TFFR Board Adopted:** May 25, 1995.

## C. Program Policies

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**POLICY TYPE:** TFFR Program

**POLICY TITLE:** Actuarial Margin

---

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees that the division of the benefit improvements (as measured by margin used) between active and retired members is approximately proportional to the number of members in each group. This requirement will be considered to be met if the fractions  $F$  and  $F'$  defined below are within five (5.0) percentage points of one another.

$F$  is equal to (i) the margin spent on retiree improvements, divided by (ii) the total margin spent.

$F'$  is equal to (i) the number of retirees, divided by (ii) the total number of members.

For purposes of this policy, retired members will include all members currently receiving benefits, including service retirees, disabled retirees, and beneficiaries receiving benefits; vested inactive members will be included with active members; and the total number of members will include retirees, active members, and vested inactive members, but will exclude nonvested inactive members. The membership statistics used for this purpose will be those from the most recently completed actuarial valuation.

**TFFR Board Adopted:** May 30, 1996.

**POLICY TYPE:** TFFR Program

**POLICY TITLE:** Actuarial Review

---

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees that an actuarial valuation of the Fund be performed or reviewed by an independent actuary on an annual basis.

The annual actuarial valuation report must include the following certifications:

1. The valuation must be performed by an independent actuary who is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems.
2. The valuation must be prepared in accordance with principles of practice prescribed by the Actuarial Standards Board.
3. The calculations must be performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the system.

Furthermore, an actuarial review of the system's actuarial valuation is to be performed at least every tenth year. The review is to include an evaluation by an independent actuary, other than the one who performs the plan's actuarial valuation, for the purpose of expressing an opinion on the reasonableness or accuracy of the actuarial assumptions, actuarial cost methods, valuation results, contribution rates, and certifications as described above.

An actuarial experience study must be performed at least every five years. The experience study is to include mortality, retirement, employment turnover, and other necessary items required by the board.

An asset-liability study must also be performed at least every five years, or more frequently as determined by the Board. The asset-liability study will project the active and retired membership over a specific time-horizon and under various asset allocations.

**TFFR Board Adopted:** February 24, 1994.

**Amended:** July 16, 1998.

**POLICY TYPE:** TFFR Program

**POLICY TITLE:** Automatic Refunds

---

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees that the Deputy Executive Director - Retirement Officer may waive an automatic refund based on necessary documentation. The number of approved 36-month waivers of automatic refunds is limited to four consecutive waivers (total of 12 years) per nonvested member.

**TFFR Board Adopted:** November 21, 1996.

**Amended:** July 16, 1998; November 18, 1999.

**POLICY TYPE:** TFFR Program

**POLICY TITLE:** Board Agenda

---

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees that any individual or organization who desires to appear on the agenda of a scheduled meeting should notify the Deputy Executive Director - Retirement Officer in writing at the administrative office ten working days prior to the meeting date. This will allow sufficient time to place them on the agenda and adjust the meeting schedule.

**TFFR Board Adopted:** March 27, 1977.

**Amended:** July 16, 1998; November 18, 1999.

**POLICY TYPE:** TFFR Program

**POLICY TITLE:** Board Meetings

---

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees to conduct six board meetings each year. Meetings will be scheduled for the day preceding the State Investment Board meetings beginning in July of each year.

Special board meetings may be called in accordance with NDCC 15-39.1-06.

**TFFR Board Adopted:** May 27, 1993.

**Amended:** July 16, 1998.

**POLICY TYPE:** TFFR Program

**POLICY TITLE:** Deductions from Annuity Checks

---

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees to allow teachers and beneficiaries drawing retirement benefits to have payroll deductions subtracted from their monthly payments.

To initiate, change, or stop a deduction, the teacher must notify the administrative office in writing at least ten working days prior to the date the monthly benefit is issued. All deductions withheld will be forwarded to the appropriate entity within three working days after the first of the month or as required by federal/North Dakota state law. Authorization forms are to be kept on file at the administrative office.

The following deductions are available to teachers and beneficiaries receiving monthly benefits:

- Health, life, and other insurance premiums payable to the Public Employees Retirement System (NDPERS).
- Annual dues payable to the Retired Teachers Association (RTA) and the North Dakota Education Association Retired Organization.
- Federal and North Dakota income tax withholdings.
- Child support payments under a Qualified Domestic Relations Order (QDRO).

Additional health and life insurance companies may be added upon approval by the Board.

**TFFR Board Adopted:** May 27, 1993.

**Amended:** July 16, 1998; March 23, 2000.



**POLICY TYPE:** TFFR Program

**POLICY TITLE:** Disclosure to Membership

---

It shall be the policy of the Teachers' fund for Retirement Board of Trustees that member handbooks, member statements, and annual financial reports be provided for TFFR members.

- Member Handbooks (Summary Plan Descriptions)

Employers are required to submit enrollment forms for all new members upon employment. All new members will be mailed a current Member Handbook to their home address within six months of their commencement of participation in TFFR. The handbook will include information about membership, contribution rates, service credit, benefit provisions for service retirement, disability retirement, and survivor benefits, eligibility for those benefits, and how to make application.

All members will be mailed an updated copy of the Member Handbook within one year after adoption of any significant legislative changes made to the plan.

- Member Statements

All active and inactive members will be mailed a statement to their home within six months of fiscal year end reporting the status of their member account as of June 30 of the current year. The information to be reported annually will include: member's name, address, social security number, date of birth, beneficiary on file, value of account, retirement salary reported for current year, service credit earned during the current year, accumulated service credit, date of eligibility for unreduced benefits, retirement benefit estimate, and other information pertinent to the teacher's account.

All retired members and beneficiaries receiving monthly benefits will be mailed a statement to their home annually. The information will include: retired member's name, address, social security number, date of birth, beneficiary on file, value of account, accumulated service credit, retirement date, retirement option, benefits received life-to-date, current monthly benefit, and adjustments to benefit (if applicable).

- Annual Financial Report

An annual financial report will be published within nine months following every fiscal year end. The report will include financial, actuarial, and investment information about the plan. Upon request, it will be provided to any TFFR member, benefit recipient, or public employer covered by the plan.

**TFFR Board Adopted:** July 16, 1998.

**Amended:** July 18, 2002.

**POLICY TYPE:** TFFR Program

**POLICY TITLE:** DPI Employees Retirement Plan Election

It shall be the policy of the TFFR Board of Trustees to allow Department of Public Instruction (DPI) employees hired after January 6, 2001, who are eligible for TFFR coverage, to irrevocably elect to become a member of the Public Employees Retirement System (NDPERS) under the following guidelines:

- The employee must complete the “NDPERS/TFFR Membership Election” form within ninety days of hire. Until this election is made, the employee will be enrolled in the NDPERS retirement plan. If no election is made, the employee will be transferred to TFFR.
- If the employee is a former DPI employee or is retired from DPI and receiving TFFR benefits, the employee must have a one-year break in DPI service to be eligible to make this election.
- Except for the Superintendent of Public Instruction, any new employee who is entered onto the payroll of the Department of Public Instruction, including employees of the Division of Independent Study, after January 6, 2001, are eligible to make this election.

**TFFR Board Adopted:** January 25, 2001.

**POLICY TYPE:** TFFR Program

**POLICY TITLE:** Employer Payment Plan Models

---

The Teachers' Fund for Retirement Board has developed three basic models relating to employer payment of member contributions. Models 1, 2, and 3 are outlined in employer instructions prepared by the fund. Special provisions apply to state agencies, college teachers grandfathered in under old laws, counties, and employers that have not adopted a model.

Employers must select the Employer Payment Plan model under which they will pay member assessments on a form provided by the administrative office. The model selected by the employer can only be changed once each year at the beginning of the fiscal year.

Effective July 1, 2003, employers may no longer select Model 3. Any employers currently paying member contributions under this model may continue as a closed group, but Model 3 will no longer be available to other employers.

**TFFR Board Adopted:** July 16, 1998.

**Amended:** March 13, 2003

**POLICY TYPE:** TFFR Program

**POLICY TITLE:** Employer Reporting Errors

---

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees that when an unintentional error in the reporting of retirement contributions by a participating employer is discovered during an internal audit or other review, the following policy shall be in effect:

- The participating employer will be billed for all material shortages due plus interest or refunded for all material overpayments.
- The interest charged to the participating employer shall be the actuarial assumption for earnings of the trust.
- The time period shall be from the onset of the error or three years prior to the beginning of the current fiscal year.
- Failure of the participating employer to pay the required shortages will constitute "failure to make required reports and payments" and require application of Section 15-39.1-23, NDCC.
- The TFFR Board reserves the right to negotiate with a participating employer in special situations.

**TFFR Board Adopted:** February 22, 1996.

**Amended:** July 16, 1998; January 24, 2002; April 15, 2004.

**POLICY TYPE:** TFFR Program

**POLICY TITLE:** Employer Reports

---

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees to require all employer units to report the collection and payment of member assessments and employer contributions on a monthly basis to the Retirement and Investment Office. Both payment and report must be postmarked or sent via the internet by the 15<sup>th</sup> day of the month following the end of the reporting period. Employer reports must be in a format approved by the TFFR Board and may be submitted in one of the following ways: 1) manual – paper reports, 2) electronically – diskettes, 3) internet.

The administrative office will monitor late TFFR reports and payments by employers. Employers that do not meet the established deadlines for filing required reports shall be assessed a civil penalty as required in NDCC 15-39.1-23 unless the Deputy Executive Director – Retirement Officer approves a request for a waiver of the penalty under special circumstances such as:

- Death, surgery, or illness of the individual responsible for TFFR reports or their family.
- “Acts of God” that require an employer to close school such as blizzards, storms, or floods.
- Unforeseen events such as resignation of the individual responsible for TFFR reports, computer malfunction, etc.

The request for a waiver must be in writing and signed by the administrator and the individual responsible for submitting the report.

In all late situations, member assessments and employer contributions will be collected from the employer at the earliest date possible. Employers cooperating with TFFR to resolve the late filing of a report shall not have their state apportionment money (foundation payments) withheld, but will be assessed interest as required in NDCC 15-39.1-23.

**TFFR Board Adopted:** August 29, 1996.

**Amended:** July 16, 1998; November 18, 1999, March 22, 2001.

**POLICY TYPE:** TFFR Program

**POLICY TITLE:** Head Start Program Employees

---

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees that employees of a Head Start Program (which is not a U.S. Department of Education Program) who are certified to teach and contracted with a school district or other participating employer, are members of TFFR if the following conditions are met:

- Grantee agency for the Head Start Program is the school district which is governed by the local school board.
- Head Start Program employees are on the school district teaching or administrative faculty in positions such as coordinator, director, teacher, or home visitor.
- Head Start Program employees are on the school district salary schedule and negotiate for salary and benefits like other school district teaching faculty.

**TFFR Board Adopted:** November 20, 1997.

**POLICY TYPE:** TFFR Program

**POLICY TITLE:** Information Dissemination

---

It is the policy of the Teachers' Fund for Retirement Board of Trustees to allow member and employer interest groups and other approved third parties to send specific information to the TFFR membership using a "blind mailing" method. The information to be mailed and third party organization must be approved by the RIO Deputy Executive Director in advance. Member and employer interest groups include, but are not limited to, ND Council of Educational Leaders, ND Education Association, ND Retired Teachers Association, and ND School Boards Association.

Under the "blind mailing" method, the third party must submit information or materials they wish to send to TFFR members. The third party must sign an agreement that they will not use the mailing to engage in partisan political activities.

If approved, the third party will forward the materials to an independent mailing company approved by TFFR. The mailing company must sign a "no disclosure" agreement with TFFR.

TFFR will then supply membership mailing information to the mailing company. The mailing company will combine the material from the third party with the mailing list and send to TFFR members. The cost of the mailing will be paid by the third party.

**TFFR Board Adopted:** July 15, 1999.

**Amended:** November 15, 2001.

**POLICY TYPE:** TFFR Program

**POLICY TITLE:** IRS Levies

---

Effective June 1, 1998, it shall be the policy of the Teachers' Fund for Retirement Board of Trustees to honor IRS levies on the retirement benefits being paid to TFFR members and beneficiaries.

**TFFR Board Adopted:** July 16, 1998.



**POLICY TYPE:** TFFR Program

**POLICY TITLE:** Level Income Option

---

It shall be the policy of the TFFR Board of Trustees to allow members who select the level income retirement option:

1. To level to age 62 or normal retirement age (including any fractional age from age 65 to 67).
2. To combine the level income option with the service retirement options offered (single life annuity, 100 and 50% joint and survivor, 10 and 20 year term certain and life annuity).
3. To reduce a member's retirement benefit the second month following the month the member reaches age 62 or normal retirement age.
4. To apply postretirement legislative benefit increases to the teacher's non-level income monthly retirement benefit.

**TFFR Board Adopted:** May 29, 1997.

**Amended:** July 16, 1998; July 24, 2003.

**POLICY TYPE:** TFFR Program

**POLICY TITLE:** Military Service Credit

---

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees that a teacher purchasing military service be credited with a full year of credit if the service was rendered for at least 175 school days or a period of nine months within any fiscal year.

**TFFR Board Adopted:** December 5, 1980.

**Amended:** July 16, 1998.

**POLICY TYPE:** TFFR Program

**POLICY TITLE:** Outreach Program Facilities

---

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees that school district facilities used for TFFR outreach programs must meet ADA requirements. In addition, authorized school district employees must be present to direct guests to the proper meeting room and lock the building at the close of the program. RIO employees who are conducting outreach programs for TFFR members are not allowed to be in school district buildings without the presence of an administrator, teacher, or other authorized school district employee.

RIO staff will not be able to conduct outreach programs at that site if the above conditions are not met.

**TFFR Board Adopted:** April 22, 1999.

**POLICY TYPE:** TFFR Program

**POLICY TITLE:** Payment of Benefits

---

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees to distribute payments for benefit claims (annuities, refunds/rollovers) once per month. Distributions will be mailed on the last working day of the previous month payable on the first working day of each month.

In order for a teacher to assure receipt of a benefit payment on the first working day of the month, the required information and forms must be filed with the administrative office at least ten working days prior to the distribution date.

Special circumstances may allow the Deputy Executive Director - Retirement Officer to authorize special checks to pay benefit claims. The following shall be considered special circumstances:

- Payment of claims to beneficiaries relating to the death of a teacher.
- Replacement of lost checks.
- Unforeseen circumstances that delay the processing of the claim which are not due to actions by the teacher.

Payments to a teacher approved for a refund/rollover will include all contributions and interest paid by a teacher for the purchase and repurchase of service credit. This is in addition to the entitled refund of accumulated assessments plus interest. The Deputy Executive Director - Retirement Officer may waive the 120-day waiting period for refunds/rollovers based on necessary documentation. Overpayment of refunds/rollovers resulting from erroneous information reported by an employer will be charged back to the employer.

**TFFR Board Adopted:** May 27, 1993.

**Amended:** July 16, 1998; November 18, 1999.

**POLICY TYPE:** TFFR Program

**POLICY TITLE:** Return to TFFR Covered Employment

---

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees to closely monitor retired TFFR members who return to TFFR covered employment. Participating employers and retirees will be required to complete a TFFR Retired Member Employment Notification Form within thirty days of the date a retiree is employed in teaching, supervisory, administrative, or extracurricular services.

Time spent performing extracurricular duties and professional development are excluded in the annual hour limit that retirees may return to work under the General Rule. NDAC 82-02-01-01 defines extracurricular services as outside of the regular curriculum of a school district or other participating employer which includes advising, directing, monitoring, or coaching athletics, music, drama, journalism, and other supplemental programs. For the purpose of excluding hours toward the retiree annual hour limit, extracurricular also means any duty outlined in the extracurricular schedule of a participating employer's master agreement, unless the duty was part of the retiree's regular job duties and base salary prior to retirement.

**TFFR Board Adopted:** May 29, 1998.

**Amended:** September 27, 2001; July 24, 2003.

**POLICY TYPE:** TFFR Program

**TFFR TITLE:** TIAA-CREF Offset Calculation

---

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees to calculate the TIAA-CREF offset for teachers selecting the 1975 Alternative C Formula for retirement benefits.

It is the responsibility of the teacher to provide the administrative office with information relating to the teacher's retirement date and contribution levels to TIAA and/or CREF on an official agency form. Based on the data provided, the administrative office will request a calculation of certified benefits from TIAA-CREF.

The teacher's retirement benefit as certified by TIAA-CREF will be used as the offsetting amount when calculating the TFFR retirement benefit.

This policy relates to a closed group of college teachers participating in TFFR. The policy shall cease upon retirement of the last participant in the group.

**TFFR Board Adopted:** January 9, 1976.

**Amended:** May 27, 1993.

**POLICY TYPE:** TFFR Program

**POLICY TITLE:** Travel

---

It is the policy of the Teachers' Fund for Retirement Board of Trustees that the Board President is authorized, in consultation with the RIO Deputy Executive Director, to grant approval for travel outside of the continental United States by TFFR board members and to keep the Board informed on travel requests.

**TFFR Board Adopted:** September 27, 2001.

**POLICY TYPE:** TFFR Program

**POLICY TITLE:** Voiding Checks

---

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees to void any uncashed benefit checks for the payment of retirement, disability, survivor, and refund benefits after six months. Should the payee request payment after six months, the Retirement and Investment Office will re-issue a check, but without additional interest.

**TFFR Board Adopted:** November 21, 1996.

**Amended:** July 16, 1998.



## D. By-Laws

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**TFFR Board Adopted:** May 25, 1995.

**Amended:** August 21, 1997; November 18, 1999.

## CHAPTER 1 - Authority

Section 1-1. The Board of Trustees, hereafter referred to as "Board," has the authority to set policy for the Teachers' Fund for Retirement (TFFR) under North Dakota Century Code, sections 15-39.1-05.1, 15-39.1-05.2, 15-39.1-06, 15-39.1-07, and 15-39.1-08.

1-1-1. North Dakota Century Code, section 15-39.1-05.1 states:

- a. The governor shall appoint, from a list of three nominees submitted to the governor by the North Dakota education association, two board members who are actively employed in full-time positions not classified as school administrators. A board member appointed under this subdivision who terminates employment may not continue to serve as a member of the board.
- b. The governor shall appoint, from a list of three nominees submitted to the governor by the North Dakota council of educational leaders, one board member who is actively employed as a full-time school administrator. A board member appointed under this subdivision who terminates employment may not continue to serve as a member of the board.
- c. The governor will appoint, from a list of three nominees submitted to the governor by the North Dakota retired teachers association, two board members who are the retired members of the fund.
- d. The state treasurer and the superintendent of public instruction."

1-1-2. North Dakota Century Code, section 15-39.1-05.2 states, "The board:

1. Has the powers and privileges of a corporation, including the right to sue and be sued in its own name. The venue of all actions to which the board is a party must be Burleigh County.
2. Shall establish investment policy for the trust fund under section 21-10-02.1. The investment policy must include:
  - a. Acceptable rates of return, liquidity, and levels of risk; and
  - b. Long-range asset allocation targets.

## CHAPTER 1 – Authority (continued)

3. Shall arrange for actuarial and medical consultants. The board shall cause a qualified, competent actuary to be retained on a consulting basis. The actuary shall:
  - a. Make a valuation of the liabilities and reserves of the fund and a determination of the contributions required by the fund to discharge its liabilities and pay administrative costs;
  - b. Recommend to the board rates of employer and employee contributions required, based upon the entry age normal cost or other accepted actuarial method, to maintain the fund on an actuarial reserve basis;
  - c. Once every five years make a general investigation of the actuarial experience under the fund including mortality, retirement, employment turnover, and other items required by the board;
  - d. Recommend actuarial tables for use in valuations and in calculating actuarial equivalent values based on the investigation provided for in subdivision c; and
  - e. Perform other duties assigned by the board.
4. May pay benefits and consultant fees as necessary which are hereby appropriated from the fund.
5. Shall submit to the legislative council's employee benefits programs committee any necessary or desirable changes in statutes relating to the administration of the fund.
6. Shall determine appropriate levels of service to be provided to members, including benefits counseling and preretirement programs.
7. Shall, through resolution, inform the state investment board, which is the administrative board of the retirement and investment office, the levels of services, goals, and objectives expected to be provided through the retirement and investment office."

## **CHAPTER 1 – Authority (continued)**

1-1-3. North Dakota Century Code, section 15-39.1-06 states, "The board may hold meetings as may be necessary for the transaction of business and a meeting may be called by the president or any two members of the board upon reasonable notice to the other members of the board."

1-1-4. North Dakota Century Code, section 15-39.1-07 states, ". . . the board may adopt such rules as may be necessary to fulfill the responsibilities of the board."

Section 1-2. The basis for North Dakota Century Code, Chapter 15-39.1, can be found in State Law 1971 Chapter 1984.

Section 1-3. The Board is responsible for carrying out the provisions of the North Dakota Century Code, Chapters 15-39, 15-39.1, and 15-39.2.

## **CHAPTER 2 – Board of Trustees**

- Section 2-1. The Board will have general charge of the retirement plan of TFFR, subject to law, administrative rules and regulations, and these by-laws. The Board will make such policy as necessary to fulfill this obligation. Policy and program services will be communicated to the State Investment board by resolution.
- Section 2-2. Vacancies which may occur among the appointed members of the Board will be filled by the Governor of the state, and the appointee will complete the term for which the original member was selected.
- Section 2-3. The Board will elect its own officers at its first meeting following July 1 of each year.
- Section 2-4. The Board will promulgate rules and regulations as prescribed in North Dakota Century Code, section 28-32.03, for the administration of the retirement plan.
- Section 2-5. The Board will select three of its members to serve on the State Investment Board (SIB) and one member to serve as alternate on the SIB.
- Section 2-6. The Board will select three of the members to serve on the TFFR Benefits/Services Committee.
- Section 2-7. The Board will develop an annual board calendar which will include board education topics.

## CHAPTER 3 – Officers and Duties

- Section 3-1. The officers of the Board will be the President, Vice President, Executive Director, and Deputy Executive Director-Retirement Officer. The President and Vice President will be elected by the Board immediately following July 1 of each year and will hold office for one year or until their successors are elected and qualified. A vacancy occurring with the President or Vice President will be filled by the Board at the first meeting of the Board following the vacancy. The Executive Director and Deputy Executive Director-Retirement Officer will not be voting members of the board.
- Section 3-2. **President.** The President will preside at all meetings of the Board. The President will be an ex officio member of all board committees created from time to time. The President will determine the board meeting agenda, and with the Deputy Executive Director-Retirement Officer and Executive Director execute all instruments required to be executed on behalf of the fund, and will perform such other duties as may be imposed by the Board.
- Section 3-3. **Vice President.** The Vice President will perform the duties of the President in his/her absence.
- Section 3-4. **Executive Director.** The Executive Director will be hired by the State Investment Board (SIB), serve in an unclassified position at that Board's pleasure, and will be paid such salary as the SIB determines.
- 3-4-1. The Executive Director oversees planning, supervising, and directing overall Retirement and Investment Office (RIO) programs in accordance with the SIB governance policies and state laws and rules.
  - 3-4-2. The Executive Director administers the Investment Program of RIO and performs related work as assigned by the SIB.
  - 3-4-3. The Executive Director directs the preparation and execution of the RIO budget and legislative agenda and evaluates and monitors financial and operational programs.
  - 3-4-4. The Executive Director represents RIO, promotes RIO programs, and has the authority and responsibility to carry out the day-to-day administrative duties for RIO.

## CHAPTER 3 – Officers and Duties (continued)

- 3-4-5. The Executive Director attends all meetings of the SIB and TFFR Board.
- 3-4-6. The Executive Director hires the Deputy Executive Director - Retirement Officer and other staff as necessary to carry out the responsibilities of RIO.

Section 3-5. **Deputy Executive Director - Retirement Officer.** The Deputy Executive Director - Retirement Officer will be hired by the Executive Director, serve in an unclassified position at the Executive Director's pleasure, and will be paid such salary as the Executive Director determines.

- 3-5-1. The Deputy Executive Director - Retirement Officer assists the Executive Director in planning, supervising, and directing overall Retirement and Investment Office (RIO) programs in accordance with the SIB governance policies and state laws and rules and represents the Executive Director in his/her absence.
- 3-5-2. The Deputy Executive Director - Retirement Officer administers the Retirement Program in accordance with governing statutes and board policies established by the Teachers' Fund for Retirement Board (TFFR) and performs related work as assigned by that Board.
- 3-5-3. The Deputy Executive Director - Retirement Officer develops annual and long-range plans for the Board. He/she interprets state and federal law, which governs the retirement program and develops administrative rules, policies, and procedures necessary to administer the program.
- 3-5-4. The Deputy Executive Director - Retirement Officer represents the TFFR Board on retirement program issues.
- 3-5-5. The Deputy Executive Director - Retirement Officer works as a team with the TFFR Board, interest groups, legislative committees, actuarial consultants, legal counsel, and others to administer the retirement program.
- 3-5-6. The Deputy Executive Director - Retirement Officer will assist in the formulation of RIO's budget, including staffing needs, program costs, operating costs, and data processing requirements to assure that retirement program obligations are met.

### **CHAPTER 3 – Officers and Duties (continued)**

- 3-5-7. The Deputy Executive Director - Retirement Officer will be the custodian of the books, records, and files of TFFR. He/she will attend all meetings of the TFFR Board and the members and will make and keep the minutes. The Deputy Executive Director will make out and give out all notices required to be given by law, procedures of the Board, or the rules and regulations of the Fund.
- 3-5-8. The Deputy Executive Director - Retirement Officer will keep a correct roster of the membership of the fund and the salaries paid to each member for service as a teacher; when and what teachers are dropped or withdrawn from the Fund; and records of all pensions paid.
- 3-5-9. The Deputy Executive Director - Retirement Officer will immediately process all applications for claims for payment as allowed under state laws.



## **CHAPTER 4 - Meetings**

- Section 4-1. Regular meetings of the Board to conduct business are to be held as often as necessary. Notice of all meetings will be made in accordance with North Dakota Century Code, section 44-04-20.
- Section 4-2. Special meetings of the Board may be called and held at any time by the President or any two members of the Board upon reasonable notice to the other members of the Board.
- Section 4-3. An annual financial report for the year ending June 30 will be completed by the Board. A copy will be filed with the Governor of the state.
- Section 4-4. A quorum of four will be necessary to express the will or determination of the Board.
- Section 4-5. Voting on matters before the Board will be by voice vote except on all non-procedural votes, when a roll call vote must be taken. Four votes are required for resolution or action by the board. The minutes will show the recorded vote of each Board member.
- Section 4-6. All meetings of the Board are open to the public.
- Section 4-7. A record of proceedings will be kept on all meetings of the Board. The record of these proceedings are public documents, and copies will be distributed to the membership or its representatives upon request.
- Section 4-8. Public participation during Board meetings will be allowed and will be at the discretion of the Board President.
- Section 4-9. Members of the Board, excluding ex officio members, are entitled to receive sixty-two dollars and fifty cents as compensation per day and necessary mileage and travel expenses as provided in sections 44-08-04 and 54-06-09 for attending meetings of the board. No member of the board may lose regular salary, vacation pay, vacation or any personal leave, or be denied the right of attendance by the state or political subdivision thereof while serving on official business of the fund.

## **CHAPTER 5 - Committees**

Section 5-1. The Board will establish one standing committee called the Benefits/Services Committee.

Section 5-2. The purpose of the Benefits/Services Committee is to provide the TFFR Board with advice and recommendations on benefits and services to TFFR members. The Committee will research issues, offer member and employer input, and make recommendations to the TFFR Board about Board goals, their priorities, and future legislation relating to these goals.

Section 5-3. Membership on the Benefits/Services Committee consists of three members selected by the TFFR Board, of which one member must serve as chairperson for the committee. The Committee will also include one representative from each of the following member and employer interest groups: ND Retired Teachers Association, ND Education Association, ND Council of Educational Leaders, ND Schools Boards Association, and ND School Business Managers Association.

Section 5-4. Committee meetings shall be held as often as necessary. Notice of all meetings will be made in accordance with North Dakota Century Code, section 44-04-20 and shall be open to the public.

## **CHAPTER 6 – Rules of Order**

Section 6-1. All TFFR meetings will be conducted in accordance with Robert's Rules of Order Newly Revised, except as superseded by these by-laws and board policies.

## **CHAPTER 7 – Administrative Office**

Section 7-1. For the purpose of carrying out the day-to-day business of the Fund, a central administrative office has been established and will be known as the Retirement and Investment Office (RIO).

Section 7-2. The Executive Director is the administrator of the office.

Section 7-3. The Deputy Executive Director - Retirement Officer will represent the Executive Director in his/her absence.

## **CHAPTER 8 - Amendments**

Section 8-1.        These by-laws of the Board may be amended from time to time by a vote in which a majority of the members concur on the amendment and said amendment is not in conflict with existing law.

## **E. Administrative Code — Title 82**

82-01 General Administration

82-02 Definitions

82-03 Participation

82-04 Contributions

82-05 Retirement Benefits

82-05-01 Procedural Requirements

82-05-02 Forms of Benefit Payments

82-05-03 Payment of Benefits

82-05-04 Actuarial Factors

82-05-05 Deferred Retirement Eligibility

82-06 Suspension of Benefits

82-07 Disability Benefits

82-07-01 Disability Retirement Eligibility

82-07-02 Right to Formal Hearing and Appeal

82-07-03 Forms of Disability Benefits

82-07-04 Suspension of Disability Benefits

82-08 Qualified Domestic Relations Orders

82-09 Confidentiality of Records (Repealed)

82-10 Right to Formal Hearing and Appeal

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